

Senate Engrossed

State of Arizona
Senate
Forty-sixth Legislature
Second Regular Session
2004

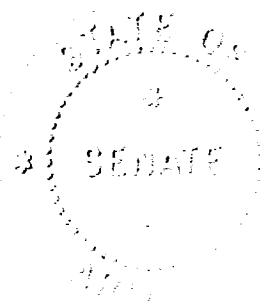
CHAPTER 159

SENATE BILL 1381

AN ACT

AMENDING SECTIONS 20-1252, 20-1254 AND 20-1276, ARIZONA REVISED STATUTES;
RELATING TO GROUP LIFE INSURANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)



1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 20-1252, Arizona Revised Statutes, is amended to
3 read:

4 20-1252. Employee groups

5 The lives of a group of individuals may be insured under a policy
6 issued to an employer, or to the trustees of a fund established by an
7 employer, which employer or trustees shall be deemed the policyholder, to
8 insure employees of the employer for the benefit of persons other than the
9 employer, subject to the following requirements:

10 1. The employees eligible for insurance under the policy shall be all
11 of the employees of the employer, or all of any class or classes thereof
12 determined by conditions pertaining to their employment. The policy may
13 provide that the term "employees" shall include the employees of one or more
14 subsidiary corporations, and the employees, individual proprietors and
15 partners of one or more affiliated corporations, proprietors or partnerships
16 if the business of the employer and of such affiliated corporations,
17 proprietors or partnerships is under common control through stock ownership,
18 contract or otherwise. The policy may provide that the term "employees"
19 shall include the individual proprietor or partners if the employer is an
20 individual proprietor or a partnership. The policy may provide that the term
21 "employees" shall include retired employees. No director of a corporate
22 employer shall be eligible for insurance under the policy unless such person
23 is otherwise eligible as a bona fide employee of the corporation by
24 performing services other than the usual duties of a director. No individual
25 proprietor or partner shall be eligible for insurance under the policy unless
26 he is actively engaged in and devotes a substantial part of his time to the
27 conduct of the business of the proprietor or partnership. A policy issued
28 to insure the employees of a public body may provide that the term
29 "employees" shall include elected or appointed officials.

30 2. The premium for the policy shall be paid by the policyholder,
31 either wholly from the employer's funds or funds contributed by him, or
32 partly from such funds and partly from funds contributed by the insured
33 employees. No policy may be issued on which the entire premium is to be
34 derived from funds contributed by the insured employees. A policy on which
35 part of the premium is to be derived from funds contributed by the insured
36 employees may be placed in force only if at least seventy-five per cent of
37 the then eligible employees, excluding any as to whom evidence of individual
38 insurability is not satisfactory to the insurer, elect to make the required
39 contributions. A policy on which no part of the premium is to be derived
40 from funds contributed by the insured employees shall insure all eligible
41 employees, or all except any as to whom evidence of individual insurability
42 is not satisfactory to the insurer.

43 3. The policy must cover at least ten TWO employees at date of issue.

1 4. The amounts of insurance under the policy must be based upon some
2 plan precluding individual selection either by the employees or by the
3 employer or trustees.

4 Sec. 2. Section 20-1254, Arizona Revised Statutes, is amended to read:

5 20-1254. Labor union groups

6 The lives of a group of individuals may be insured under a policy
7 issued to a labor union, which shall be deemed the policyholder, to insure
8 members of the union for the benefit of persons other than the union or any
9 of its officials, representatives or agents, subject to the following
10 requirements:

11 1. The members eligible for insurance under the policy shall be all
12 of the members of the union, or all of any class or classes thereof
13 determined by conditions pertaining to their employment, or to membership in
14 the union, or both.

15 2. The premium for the policy shall be paid by the policyholder,
16 either wholly from the union's funds, or partly from such funds and partly
17 from funds contributed by the insured members specifically for their
18 insurance. No policy may be issued on which the entire premium is to be
19 derived from funds contributed by the insured members specifically for their
20 insurance. A policy on which part of the premium is to be derived from funds
21 contributed by the insured members specifically for their insurance may be
22 placed in force only if at least seventy-five per cent of the then eligible
23 members, excluding any as to whom evidence of individual insurability is not
24 satisfactory to the insurer, elect to make the required contributions. A
25 policy on which no part of the premium is to be derived from funds
26 contributed by the insured members specifically for their insurance shall
27 insure all eligible members, or all except any as to whom evidence of
28 individual insurability is not satisfactory to the insurer.

29 3. The policy shall cover at least twenty-five TWO members at date of
30 issue.

31 4. The amounts of insurance under the policy shall be based upon some
32 plan precluding individual selection either by the members or by the union.

33 Sec. 3. Section 20-1276, Arizona Revised Statutes, is amended to read:

34 20-1276. "Employee life insurance" defined

35 A. "Employee life insurance" is that plan of life insurance, other
36 than salary savings life insurance or pension trust insurance and annuities,
37 under which individual policies are issued to the employees of any employer
38 and where such policies are issued on the lives of not less than ten TWO nor
39 more than forty-nine employees at date of issue.

40 B. Premiums for such policies shall be paid by the employer or the
41 trustee of a fund established by the employer either wholly from the
42 employer's funds, or funds contributed by him, or partly from such funds and
43 partly from funds contributed by the insured employees.

APPROVED BY THE GOVERNOR APRIL 23, 2004.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 23, 2004.

Passed the House April 15, 20 04

by the following vote: 57 Ayes,

0 Nays, 3 Not Voting

Jake Flake
Speaker of the House
Norman L. Moore
Chief Clerk of the House

Passed the Senate February 26, 20 04

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting

Ken Blumenthal
President of the Senate
Charmian Bellington
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

19th day of April, 2004

at 3:02 o'clock P. M.

Wendee Upbarra
Secretary to the Governor

Approved this 27 day of

April, 2004

at 2:00 o'clock P. M.

J. N. ...
Governor of Arizona

S.B. 1381

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 23 day of April, 2004

at 3:05 o'clock P. M.

Janice K. Brewer
Secretary of State